

ORIGINAL

MAY 29, 2012

Staff Letter Response



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**FROM: Allen Cameron
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**AZ CORP COMMISSION
DOCKET CONTROL Arizona Corporation Commission**

DOCKETED

**To: Docket Control
RE: Docket NO.W-04015A-12-0050
DOCKET NO.W-04015A-12-0051
1200 West Washington Street
Phoenix, Arizona 85007**

JUN 05 2012



I have received and reviewed the staff report for the rate increase application for loan approval as submitted by Sunland Water Company. I respectively disagree with the rate recommendations suggested in the staff report.

Reason NO.1

The request as submitted by Sunland Water Company covers only years 2010 and 2011 as the test year. The year 2011 was a catch up in the repair and maintenance category. In 2011 the customers of Sunland Water Company, with help from the Pinal County Street and Road supervisor for this area, were successful in getting Sunland Water Company to permanently repair the water leaks at several meters and to replace the polypropylene pipe at seven street (7) crossings and repair the streets caused by the leaks for the last seven (7) years. In the rate request by Sunland Water, Look on page 43 Acct 620 and you will see repair and maintenance expense for 2010 of \$288.00 and for 2011 \$16776.00. This certainly should have been a red flag for the staff. The year 2011 was not a typical repair and maintenance year. It was a seven year catch up expense year as doing nothing for seven years to permanently repair the system. In my opinion, the 2011 repair and maintenance costs for the year 2011 should be spread over the previous seven (7) years as it is not typical of one years maintenance and repair costs.

Reason No.2

It states in the staff report under Consumer services, that only two (2) opinions were received in opposition to the rate request by Sunland Water Company. That is not correct as there was sixty two (62) letters sent to the Corporate Commission which represented eighty four (84%) of the current Sunland Water Company's customers in Brookside Farms. Some of those customers were contacted by telephone by a person who identified themselves as a member of the Corporate Staff and felt intimidated by the questions asked and were told that they would have to attend the meetings and hearings if held.

Reason No.3

I had sent to the Commission a water test done by the Arizona City Sanitation District office in Arizona City. This is for the water well which is to be tied to the current well. That report shows that MCL and NITRATES EXCEED the reporting limits. I feel that the Commission should have required a decision as to the possibilities of health problems when used as drinking water.

Reason No.4

I had made a suggestion that the Corporate Commission audit the books for at least the years 2005 thru 2011. The reason for that request was, I have been a Customer of Sunland Water since Sept 1,2000. I can honestly say that from 2000 thru 2010 did not make a repair that was a permanent repair.

Staff letter Response

The repair always leaked again and again. For the years 2005 thru 2011, if you would take the four dollar (4) service fee times the average number of customers per month and multiply that by the last seven years you find that Sunland Water Company received approximately (\$26,880.00) that amount does not include income from sold water for the same period. With some companies a Service fee is considered a maintenance fee. I would like to see the Commission rule if in this case the service fee is considered as a maintenance fee and should be separated from the sold water fee.

Reason No.5

It appears that there are numerous expenses listed for 2011 that are related to the second well that I feel should not be considered as a normal monthly expense in considering the rate request. Those costs should be included in the expense of connecting the two wells together.

Reason No. 6

the Staff report is suggesting a rate of return for Sunland Water of 11.5%. I feel that rate of return is far too high.

Sincerely,



Allen Cameron
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Arizona City, AZ 85123